

FmHA 1922-7
(Rev. 7-90)UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

APPRAISAL REPORT FOR MULTI-UNIT HOUSING

TYPE OF LOAN:

RRH ☐RCH ☐LH ☐

PART A. PROPERTY IDENTIFICATION

Borrower _____

Property Address _____

City _____ County _____ State _____ Zip Code _____

Current Sale Price (if applicable) \$ _____ Date of Sale _____ Loan Requested \$ _____

Terms of Sale _____

Property Rights Appraised: ☐ Fee ☐ Leasehold ☐ Other _____

INSTRUCTIONS TO APPRAISER: The purpose of this Appraisal is to estimate the current Market Value of the Subject Property. The Definition of Market Value is the highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he/she considers his/her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in cash or its equivalent; (5) typical financing in the community, as provided by Government subsidized loan/grant rates and terms or conventional lending rates and terms; (6) the price represents a normal consideration for the property sold, utilizing conventional or Government financing, unaffected by other special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.

NOTE: FmHA does not consider the racial composition of the neighborhood to be a relevant factor and it must not be considered in the appraisal.

Other Information: _____

PART B. ATTACHMENTS

Attach information for items 1, 2, 5, 6, 7, 8, 9, attach additional items and check box if considered appropriate for this Appraisal.

- | | |
|---|--|
| 1. <input type="checkbox"/> Descriptive photographs of subject property | 8. <input type="checkbox"/> Map(s) _____ |
| 2. <input type="checkbox"/> Descriptive photographs of street scene in neighborhood | 9. <input type="checkbox"/> Plot plan or survey with legal description |
| 3. <input type="checkbox"/> Photographs of _____ | 10. <input type="checkbox"/> Summary of reciprocal agreements with other owners for use of parking, driveways, recreational facilities, private streets (required if applicable) |
| 4. <input type="checkbox"/> Aerial photograph | 11. <input type="checkbox"/> _____ |
| 5. <input type="checkbox"/> Sketch or floor plan of typical units | 12. <input type="checkbox"/> _____ |
| 6. <input type="checkbox"/> Owner's current certified rent roll if existing or, pro forma if proposed or incomplete | 13. <input type="checkbox"/> _____ |
| 7. <input type="checkbox"/> Owner's income and expense statement 19____ or pro forma income and expense statement | |

PART C. SUMMARY OF SALIENT FEATURES

TOTAL NUMBER OF APARTMENT UNITS _____

CONSTRUCTION: ☐ Existing Property, Approx. Year Built 19____ ☐ Proposed Construction ☐ Under Construction

DATE OF APPRAISED VALUE _____

ESTIMATED MARKET VALUE (SEE PAGE 10 FOR CONDITIONS AND REQUIREMENTS) _____ \$ _____

Value: Per Unit \$ _____, Per Room \$ _____, Per Sq. Ft. of Building Area \$ _____

GROSS ANNUAL INCOME MULTIPLIER _____

OVERALL CAPITALIZATION RATE _____ %

FORECASTED GROSS ANNUAL ECONOMIC INCOME _____ \$ _____

VACANCIES: Actual No. Vacant _____ Percentage of Total Units _____ %

Projected Percentage of Forecasted Gross Annual Economic Income _____ %

FORECASTED ANNUAL EXPENSE AND REPLACEMENT RESERVES (_____ % of Forecasted Gross Annual Economic Income) _____ \$ _____

FORECASTED NET ANNUAL INCOME FROM REAL PROPERTY _____ \$ _____

PARKING RATIO _____ spaces/unit

Prepared by the MFH designated appraiser for housing with more than two living units under the Rural Rental Housing (RRH), Rural Cooperative Housing (RCH) and Farm Labor Housing (LH) programs. Used by the approving official to determine whether the security is adequate for the loan and/or grant and the soundness of the proposed loan. Also, used to establish the estimated value in case the project is transferred, reamortized, acquired by the Government or sold by the Government, or as necessary to complete other servicing actions requiring a determination of value.

(see reverse)

PROCEDURE FOR PREPARATION

: FmHA Instructions 1922-B, 1944-D, 1944-E and 1965-B.

PREPARED BY

: Authorized MFH Appraiser.

NUMBER OF COPIES

: Original only.

SIGNATURES REQUIRED

: MFH Designated Appraiser.

DISTRIBUTION OF COPIES

: To loan docket or official case file.

Instructions for Preparation

PART A — PROPERTY IDENTIFICATION

Use the street address provided by the Post Office. In the blank spaces below the address, explain briefly how to get to the property. Provide the mileage from local landmarks or city/town, give names of the roads and directions, etc.

PART B — ATTACHMENTS

Items #1, #2, #3, #5, #6, #7, #8 and #9 should always be provided for justification as part of the appraisal attachments, along with others when they are available.

#1 Indicate the direction (North, South, etc.) that pictures are taken.

#2 Take photographs in all directions or as needed to show the property and its surroundings clearly.

#3 Take photographs for all comparable land sales, rental data and project sales; there may be 3 or 4 photos of each. The negatives can be reprinted for use on future appraisals.

#4 Check with Agriculture Stabilization and Conservation Service (ASCS) or Soil Conservation Service (SCS) for an aerial photo of the proposed site to show unique features of the site or factors influencing value in the surrounding area. Reference to the survey and other comments should be made within the appraisal, especially, in PART F, under unsatisfied demand.

#7 Provide an updated FmHA approved budget or provide data required to complete Form FmHA 1930-7, as an attachment to the report.

#8 Use local city maps to show location of shopping. Use State or regional maps to show land sales, rental data comparables and project sales in relation to the subject property. If State or larger maps are used they should be reduced as much as possible and still be legible.

#9 Include plot plan or site survey with legal description attached. These may also need to be reduced in size.

Include other attachments relevant to the appraisal, for clarity, when the appraiser is unable to provide adequate comments within the appraisal PARTS.

PART C — SUMMARY OF SALIENT FEATURES

The information in this PART will be completed from the various PARTS of the appraisal report after their completion.

Gross Annual Income Multiplier. From PART L. This is an important indicator as to the amount an Income Property purchaser would pay for the project (investment).

Overall Capitalization Rate. Bring forward from PARTS L or N depending on where the final estimated value was determined.

Forecasted Gross Annual Economic Income. From PART K.

Vacancies. From Part N. Use PARTS F, J, K and L vacancy data, then reconcile the percentages for PART N vacancy rate.

Forecasted Annual Expense and Replacement Reserve. From PART N.

Forecasted Net Annual Income from Real Property. From PARTS L or N depending on where the final value was taken.

Parking Ratio. From PART H.

PART D. SUMMARY OF NEIGHBORHOOD AND PROPERTY

Neighborhood	Good	Aver.	Fair	Poor	Property	Good	Aver.	Fair	Poor
Employment Stability of Immediate Location					Architectural Attractiveness				
Convenience to Employment Centers					Landscaping				
Protection from Detrimental Conditions					Quality of Construction <i>(Materials & Finish)</i>				
Adequacy of Shopping Facilities					Condition of Exterior				
Adequacy of Public Transportation					Condition of Interior				
Adequacy of Utilities					Room Size and Layout				
Police and Fire Protection					Closets and Storage				
Recreational Facilities					Light and Ventilation				
Property Compatibility					Overall Livability				
General Appearance of Properties					Compatibility to Neighborhood				
Appeal to Market					Overall Appeal and Marketability				

PART E. AREA DATA

The ☐ City ☐ County ☐ Area population is approximately _____Population: ☐ Increasing _____ % per year ☐ Stable ☐ Decreasing _____ % per year

Describe the economic base which contributes a major influence on the stability of real estate _____

Discuss employment stability _____

Rent Control: ☐ Yes ☐ No Comment _____Are local Government agencies discouraging apartment development? ☐ Yes ☐ No Comment _____

General comments, if applicable _____

PART F. NEIGHBORHOOD AND MARKETING AREA

Type: ☐ Urban ☐ Suburban ☐ Rural Property Values: ☐ Increasing ☐ Stable ☐ Declining

Percent Land Use: Built up _____ % Condominiums _____ % Apartments _____ % Commercial _____ % Industrial _____ %

Change in Present Land Use: ☐ Not Likely ☐ Likely or ☐ Taking Place From _____ to _____

Comment, if applicable _____

Describe overall property appeal and maintenance level _____

Describe any incompatible land uses (if none, so state) _____

Single Family: Price range \$ _____ to \$ _____ Predominant \$ _____ Age _____ yrs. to _____ yrs. Predominant _____ yrs.

Apartments: Predominant range in immediate area (excluding extremes) _____

Walk-up

Elevator

Number of units in each building _____ units _____ units

Age _____ years _____ years

Height (number of stories) _____ stories _____ stories

Condition _____

Rental range by unit type:

Unit Types: _____ \$ _____ \$ _____

_____ \$ _____ \$ _____

_____ \$ _____ \$ _____

_____ \$ _____ \$ _____

Comment on any unusual aspects of the above ranges _____

Est. neighborhood apartment vacancy rate _____ % ☐ Decreasing ☐ Stable ☐ Increasing. Rent Levels are ☐ Increasing ☐ Stable ☐ Decreasing.

Describe the unit type(s) by number of bedrooms and rental range that are in the greatest tenant demand _____

Describe the unit type(s) by number of bedrooms and rental range that are in oversupply _____

PART D — SUMMARY OF NEIGHBORHOOD AND PROPERTY

Quality definitions will be taken from Marshall & Swift Residential Cost Handbook.

The tables within the appraisal are to be consistent, especially those in PARTS F and H.

PART E — AREA DATA

Comment on how fast Real Estate sells, economics of the area, employment and the community's support for low-income housing.

In general, are any changes in employment anticipated for the near future?

PART F — NEIGHBORHOOD AND MARKETING AREA

General Comments. Explain land use changes that are occurring as well as changes in use (from home to rental) of residential housing within the community or area. Land use should add up to 100 percent.

Incompatible Land Use. Examples are: steep slopes, wetlands, unstable soil, junk or old building(s) on land, etc. Describe how the present land use of the area will affect the economic or locational obsolescence of subject property.

NOTE: *Estimated neighborhood apartment vacancy rate* will be the rental housing (single family and MFH) vacancies found in the immediate area.

Unsatisfied Demand. Discuss apartment sized needed, rental ranges, and proposed future need for apartments that are given in the market survey, or other substantive demand data confirmed by the appraiser.

PART G — SITE

Dimensions. Use both square foot and acres to make this clear.

Zoning. Include density limits, heights, and other restrictions imposed by local, State and federal governments.

Highest and best use. Discuss the highest and most likely land use for the site that will derive the most income. (This may be one of the factors for obsolescence.)

Blank line. Add items such as TV cable, private sewage treatment plant, water retention ponds, etc.

Ingress and egress. FmHA regulations, unless the State Director authorizes a waiver, requires consideration for safety and rush hour congestion when leaving or entering the project, with the possible requirement for two entrances for projects with 24 units or more. (This may be one of the factors for obsolescence.)

Easements. Discuss utilities to site, as well as easements and/or rights of way presently over or on the site.

Favorable or unfavorable conditions. Discuss the site size that is necessary for the proposed project, septic system, and private well. Also discuss surplus land, steep slope, view, stream, lake, soil problems, drainage, off-site private well or sewer system and public water or sewer. (This may be one of the factors for obsolescence.)

Lot sketch. Complete the items indicated within this PART and other items that are not shown on the plot plan or survey. Indicate those areas previously mentioned as positive or negative factors that may affect the project construction or layout of the project on the site, future maintenance and living hazards.

Describe potential for additional units in area considering land availability, zoning, utilities, etc. _____

Describe the unsatisfied demand for additional units in area by type and rental _____

Is population of relevant market area of insufficient size, diversity and financial ability to support subject property and its amenities? _____

If yes, specify. _____

Item	Distance from Subject Property	Access or Convenience			
		Good	Aver.	Fair	Poor
Public Transportation	_____				
Employment Centers	_____				
Shopping Facilities	_____				
Grammar Schools	_____				
Freeway Access	_____				

Describe any probable changes in the economic base of neighborhood which would either favorably or adversely affect apartment rentals (e.g., employment centers, zoning) _____

General comments including either favorable or unfavorable elements not mentioned (e.g., public parks, view, noise, parking congestion) _____

PART G. SITE

Dimensions _____ Area _____ Sq. Ft. or Acres

Zoning (classification, uses, and densities permitted) _____

Present improvements ☐ do ☐ do not conform to zoning regulations

Highest and best use: ☐ Present use ☐ Other (specify) _____

Site Improvements: ☐ Public Water ☐ Private Well ☐ Public Sewer ☐ Septic Tank ☐ Storm Sewer ☐ Sidewalk
☐ Curb ☐ Gutters ☐ Alley ☐ Street Lights ☐ Electricity ☐ Gas
☐ Underground Electricity & Telephone ☐

Access By: ☐ Public Street ☐ Private Road Street Surface: _____

Maintained By: ☐ Municipality ☐ Private Association (attach summary of Association documents)

Ingress and egress (adequacy and safety) _____

Topography, view amenity, lot drainage, flood-condition, slopes, etc. _____

Easements or encroachments on site and off site (if any) _____

Is the property located within a HUD Identified Special Flood Hazard Area? _____

Favorable or unfavorable conditions not mentioned above including any nonconforming use(s) of present improvements. _____

Lot sketch showing lot dimensions, distance to nearest corner, and the location of any nearby detrimental conditions.

N

PART H — DESCRIPTION OF IMPROVEMENTS

Quality of construction is generally 1.5 to 2.0 by Marshall and Swift standards for FmHA projects. Be consistent between the tables in PARTS H and D.

Security features. Include those items that would be applicable, i.e., dead bolts, smoke alarms, door chains, security lights, etc.

Effective age. See depreciation schedule. (Physical and functional obsolescence but not locational/economic can be used in the depreciation process for effective age.)

Parking. Discuss striping, wheel stops, distance to units, handicap parking, etc.

Other building items. Discuss tenant's storage, number of laundry machines, location of mail boxes, permanent project sign, garbage collection and screening, fencing, etc.

Inadequate or below average conditions. Discuss construction quality and/or workmanship, density of buildings to land and private utilities. (Any of these could create an obsolescence factor.)

General comments. Discuss property and ownership history. Also, discuss landscaping items, appeal to low-income families, and whether the project is designed for low maintenance expense. (These may create an obsolescence factor.)

PART I — COST APPROACH

A. Land Value Estimate

Use brief description of each item in land comparables.

Use dollars/square foot, dollars/unit or percentage with the value converted to dollars for each of the adjustments for the variables.

Use relevant variables, i.e., time, topography, utilities, size, shape, location, zoning, amenities, etc.

Use consistent adjustments from each comparable to the subject.

Comments and reconciliation — The comments tell “how”, and reconciliation tells “why” the comparables and adjustment items were used.

B. Improvements-Estimated Reproduction Cost New

Source of cost data. Use architectural and/or contractor estimates, as well as other verified construction cost data. Separate the individual buildings into the lines provided to show each by separate design feature. Provide the square footage for all buildings so that they add up to the total gross square foot of the project. Break down the costs into the appropriate site improvement items that are based upon typical estimates of similar size projects.

Less total obsolescence. New projects may have physical, functional and economic/locational obsolescence.

Comment, including expansion of obsolescence. Discuss the type of obsolescence that applies to the subject and the cost of correction for determining the estimated value of obsolescence used. Round to the nearest \$500 or \$1,000, but be consistent. The appraiser should use what is common in the area. The cost approach to value is more creditable as a supportive factor to market value, as the effective age approaches zero.

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PART J — COMPARABLE RENTAL DATA

Rental data comparables selected should be the most recent rental projects developed, that are known, that a tenant would have given consideration to renting. For these to be comparable, they should be similar in size, age, location, and within the same type of economic market area, but not necessarily in the same town.

Potential gross income. Determine this, using monthly rents and number of units. Monthly rents may equate with market rents, which are those paid to the landlord, whether paid by the tenant, tenant plus a subsidy or all subsidy, that are used by the owner to pay project expenses at the note rate of interest. The use of market rents located within the subject property area or comparable economic area outside of the local area are acceptable. Use relevant adjustments if applicable, i.e., tenant desirability, age, mix, size, location, condition, quality, economics, utilities, amenities, etc.

General comments. At this time, discuss how interest credit subsidy may improve rent-up and increase the waiting lists of tenants for the project. Discuss the reconciliation determination for the comparable rental projects, on a dollars per square foot basis, for each of the bedroom types.

PART K — MONTHLY RENT SCHEDULE - SUBJECT PROPERTY

Economic rents. Use rents taken from the typical rental market as determined in PART J, that the tenant would have an opportunity to consider. Show the rental amount proposed at 1 percent interest rate (FmHA basic rent) as it compares to typical market rents for this project. This should be the only place in the appraisal where basic rent values are discussed and where.

Schedule rents. Schedule rent is rent charged based on circumstances of an owner and should not be included unless typical rents in the market area are not available. In depressed areas or high cost areas schedule rent may be all that is available and should always be explained. In "CALCULATIONS FOR THE VALUE OF THE SUBSIDY WITHIN THE INCOME APPROACH," the FmHA interest credit subsidy is calculated from economic and schedule rents.

Number of units vacant. These are brought forward from the market comparables of the rental and sales projects. Per unit and per square foot rent values should agree and be an indication of typical market rent within the area or in a comparable economic area that may be shown in PART J.

Other monthly income. Complete on a monthly basis. Check with tenants in the area to determine the laundry expense per month normally paid per tenant. Do not use income from interest. Consider only direct income from the project in PART K. Include trash, sewer and other utilities which are included in the economic rent.

PART L — MARKET APPROACH

When selecting comparables for market approaches use arms length sales. FmHA new construction financing is not considered appropriate data to be utilized for comparable sales. Use only sales transactions of projects in which the sale has been closed. However, if a listing is proposed it may be used provided an explanation and justification are clear. It should be remembered that a listing will indicate the high side for the sale price of a project. Market approach will provide total cost per square foot, gross income multiplier (GIM), and capitalization rate to justify the indicated value of the market.

Subject property. Indicated values are based on the information from the comparable sales.

Comparables. Show the data from a minimum of the three comparable sales. Situations may warrant additional comparable properties to be listed.

Vacant units. Indicate the units from the comparable sales and rentals in the market area.

Gross annual income. This is the "Potential Gross Income" for the subject based on the typical income from the comparable sales and rental projects. When gross income from the comparable sales is difficult to determine, the use of gross income from PART K may be used.

PART I. COST APPROACH

LAND VALUE ESTIMATE: (Include comparable land data if available and appropriate for this appraisal)

ITEM	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address or Location			
Proximity to subject			
Zoning			
Dimensions or Size			
Shape			
Topography			
Utilities			
Location			
Sale Price			
Date of Sale			
Price per sq. ft. or unit			
Comparison to subject			
Indicated per sq. ft. or per unit value of subject			
Comments and Reconciliation			

Estimated Land Value: \$ _____ per _____ or \$ _____

IMPROVEMENTS-ESTIMATED REPRODUCTION COST NEW

Source of Cost Data: (Optional)

_____ Sq. Ft. @ \$ _____	\$ _____
_____ Sq. Ft. @ \$ _____	\$ _____
_____ Sq. Ft. @ \$ _____	\$ _____
_____ Sq. Ft. @ \$ _____	\$ _____
_____ Sq. Ft. @ \$ _____	\$ _____
_____ Sq. Ft. @ \$ _____	\$ _____
Carports _____ Sq. Ft. @ \$ _____	\$ _____
Porches, patios balconies, stairs, etc. _____	\$ _____
Fences, walls _____	\$ _____
Paving, walks and lighting _____	\$ _____
Landscaping _____	\$ _____
Recreational facilities _____	\$ _____
_____	\$ _____
_____	\$ _____
Total Estimated Reproduction Cost New of Improvements _____	\$ _____
Less Total Obsolescence _____	\$ _____
Add Estimated Land Value _____	\$ _____
Indicated Value by the Cost Approach _____	\$ _____
Rounded to _____	\$ _____

Comment, including explanation of obsolescence: _____

Gross income multiplier. The gross income multiplier (GIM) is determined from the comparable sales and utilized to provide GIM for the subject. This is one of the most stable indicators used for analyzing the amount the purchaser or developer will pay for a project.

Net annual income (also referred to as NOI). This is the first year projected net income for the project and should be based on the comparables.

Expense percentage. This percentage is calculated by dividing the projected operating expense by the projected gross income.

Overall capitalization rate (OAR). Comparable sales, band of investment, and other investments with similar risk are acceptable methods in calculating OAR. Capitalization rate determinations must be justified and documented.

Price per unit. Base this value on the comparables.

Price per room. Base this value on the comparables.

Price gross building area. Base this value on the comparables.

Comments. Discuss *how* the above figures were determined and which is the best indicator of value.

Comparison to subject. Make adjustments, if applicable, on a consistent basis throughout the appraisal by using dollars/sq. ft., or percentage converted to dollars, for all relevant variables, such as time, location, size, age, mix, financing, quality and/or condition, design, economics, etc.

Value indicators for the subject property. The subject property value indicators are determined from the values calculated after the adjustments have been made for indicated GIM, indicated value per unit, indicated value per room, indicated value per sq. ft. of gross building area, and indicated overall capitalization rate.

Reconciliation. Tell “how and why” the indicated values were determined. The indicated value, determined from the adjusted calculations of the comparables in this PART, should support the values previously calculated.

PART M — ANNUAL EXPENSE ANALYSIS

Item column. Use the expense items listed and add those that are not shown.

Actual/proposed column. Indicate the project’s actual or proposed expenses.

Appraiser’s forecast column. Indicate the typical expenses for similar projects. The project expenses may be taken from FmHA RRH annual reports and similar information from sales of commercial as well as FmHA MFH projects.

Appraiser’s calculations or comments. Explain how the typical expenses were determined for each line item, whether tenant or owner pays the item, and other information necessary to clarify how the budget was developed.

Item #1-6 — Use typical expenses for comparable size projects in similar economic areas. FmHA actual operating expenses from similar successful rental units is acceptable for this purpose.

Item #7 — Show the appropriate depreciated replacement expense for carpets, appliances, drapes, and other furnishings. This does not include the major building replacement expenses.

Item #8 — Show typical expense if necessary.

Item #10-15 — Contact the utility companies for the local expense in the area and explain who pays the utilities for the project.

Item #16-21 — Review the Management Agreement: these should be in accordance where a management firm is used, otherwise use typical management expenses or charges for these items from the area.

PART J. COMPARABLE RENTAL DATA

Comparables selected are the most recent rentals, similar and proximate, known to the undersigned, that a tenant of subject property would have given consideration to renting.

[illegible]

General comments (including any rental concessions) if applicable:

PART K. MONTHLY RENT SCHEDULE -- SUBJECT PROPERTY

*Rental schedule is shown by type of units. Scheduled rents are actual rents for an existing property, or projected rents for a proposed or incomplete building.

**Economic rents are forecasted rents to indicate the fair market rental the subject units would command if available for rent on the open market.

[illegible]

Item #22-25 — Base the taxes on the estimated assessed value and mill levy calculations from the earlier section of PART M in the appraiser's calculations or comments column.

Item #26-29 — Verify from local agents to indicate current charges.

Item #30 — FmHA interest is not an O & M expense.

Item #31-36 — Items such as snow removal, storm clean up, etc.

PART N — INCOME APPROACH

Total gross annual economic income. Take from Economic Rents in PART K.

Less forecasted vacancy and collection loss. Take from previous information in appraisal to arrive at the forecasted collection loss.

Effective gross annual income. Subtract vacancy and collection loss from total gross annual economic income.

Less forecasted annual expenses and replacement reserves. The annual expenses are the sum of the appraiser's forecasted expenses from PART M plus one year for reserve, based on one percent of the loan amount requested. The percentage value is determined by dividing the sum of the expenses and reserve by the total gross annual economic income shown in the first line.

Less return on the recapture of depreciated value of furnishings. Do not complete this space. It should have been included in PART M, item 7.

Net annual income from real property (NOI). This is carried through from the calculations made above.

Detail mathematics of capitalizing NOI and/or equity (cap rate) build up methods. Use the space provided to show formulas for band of investment, equity build up, cash flow (calculated from the attached "Calculations for determining subsidy value") and other methods. It may be necessary to show some of the calculations on the back of the form or on another sheet where several methods are used to determine OAR.

Indicated value by income approach. Indicate how the value from the income approach of PART N supports the indicated values found in the market approach that were determined from the sales comparisons of PART L.

Round to the nearest \$500 or \$1,000 based on what is customary in the area.

PART Q — RECONCILIATION AND VALUE CONCLUSION

Each of the approaches should have less than ten percent variance. If the variance is ten percent or greater, review each of the approaches to value and make appropriate corrections or document the apparent reasons for the deviation. Generally, the indicated value of the cost approach (PART I) should support the cost/square foot in PART L of the market approach and should usually be comparable when the subject property has an effective age of less than 5 years and is well maintained. Generally, the indicated value by the income approach (PART N) should support the value determined (not necessarily the percentage rate figure) by GIM and capitalization rate in PART L.

Final reconciliation. Tell how and why the estimated value was determined and which of the three approaches were given the most weight for deriving the final estimated value.

Conditions and requirements of appraisal. A comment such as the following should be used within this block: "To keep this estimated final value for the subject property, it is necessary that the requirements shown 'Contingent and limiting conditions,' be completed." The appraiser will complete item v9, indicating the data and architectural firm who provided the plans and specifications used to support the appraisal. The appraiser will include in this block the maximum debt limit (MDL) for the loan, (calculate as 97% of the appraiser's estimated value which includes the proposed interest for the loan) and any other requirements should also be included that are necessary to justify the estimated value. Some of these requirements may include: drainage requirements, soil retention barriers, removal of safety hazards and old buildings, fencing necessary for security and safety, etc.

Date and signature of appraiser. Date and sign the appraisal as of the last date the appraiser was on the site. The second signature line should be used when another appraiser assisted in completing the appraisal.

Date and signature of review appraiser. Leave blank. This block will be completed by FmHA officials.

Complete as many of the following items as possible using data effective at time of sale

Gross Annual Income	\$	\$	\$	\$
Gross Ann. Inc. Multi. (1)				
Net Annual Income	\$	\$	\$	\$
Expense Percentage (2)	%	%	%	%
Overall Cap. Rate (3)	%	%	%	%
Price per unit	\$	\$	\$	\$
Price per room	\$	\$	\$	\$
Price gross bldg. area	\$ /sq. ft. bldg. area	\$ /sq. ft. bldg. area	\$ /sq. ft. bldg. area	\$ /sq. ft. bldg. area
COMMENTS				
COMPARISON TO SUBJECT				
VALUE INDICATORS FOR THE SUBJECT PROPERTY	Indicated Gross Income Multiplier _____ X Gross Annual Economic Income \$ _____ \$			
	Indicated Value Per Unit \$ _____ X _____ Units _____ \$			
	Indicated Value Per Room \$ _____ X _____ Rooms _____ \$			
	Indicated Value Per Sq. Ft. of Gross Bldg. Area \$ _____ X _____ sq. ft. Bldg. Area _____ \$			
	Indicated Overall Capitalization Rate _____ %			

(1) Sale Price ÷ Gross Annual Income (2) Total Annual Expenses ÷ Total Gross Annual Income (3) Net Annual Income ÷ Price

RECONCILIATION:

INDICATED VALUE BY MARKET APPROACH _____ \$

Rounded to _____ \$

COMMENTS:

PART M. ANNUAL EXPENSE ANALYSIS

ITEM	<input type="checkbox"/> ACTUAL 19 ____	APPRaiser's FORECAST	APPRaiser's CALCULATIONS OR COMMENTS	
	<input type="checkbox"/> PROPOSED			
Annual Operational & Maintenance Expenses:				
1. Caretaker	\$	\$		
2. Supplies			<input type="checkbox"/> Actual <input type="checkbox"/> Est.	Total Annual Value \$
3. Painting and Decorating (Interior only)			% of Value	Tax Rate Per \$100 \$
4. General Maintenance and Repairs				
5. Grounds Maintenance				
6. Services				
7. Appliance and Furnishing Replacements				
8. Miscellaneous Operating Expenses				
9. Sub-total Maintenance & Operating (Total lines 1 thru 8)				

10. Electricity	\$	\$	
11. Water			
12. Sewer			
13. Heating (fuel/other)			
14. Garbage and Trash Removal			
15. Sub-total Utilities (Total lines 10 thru 15)			
16. Manager (Salary			
Apt. Allowance			
17. Management Fees			
18. Accounting-Auditing			
19. Legal			
20. Other Administrative Expenses			
21. Sub-total Administrative (Total lines 16 thru 20)			
22. Real Estate Taxes			
23. Special Assessments			
24. Other Taxes, Fees and Permits			
25. Sub-total Taxes (Total lines 22 thru 24)			
26. Property Insurance			
27. Compensation			
28. Bond Premiums			
29. Sub-total Insurance (Total lines 26 and 28)			
30. Interest Expense (Other than FmHA)			
31. Other Expenses			
32.			
33.			
34.			
35.			
36.			
37. Sub-total Other Expenses (Total lines 30 thru 34)			
38. TOTAL Operational and Maintenance Expenses (Total lines 9, 15, 21, 25, 29 and 37)	\$	\$	

Comments (Identify items by number): _____

PART N. INCOME APPROACH

Total Gross Annual Economic Income (See Rent Schedule) \$ _____
 Less Forecasted Vacancy and Collection Loss (_____ %) \$ (_____)
 Effective Gross Annual Income \$ _____
 Less Forecasted Annual Expenses and Replacement Reserves (_____ % of Total Gross Annual Economic Income) \$ (_____)
 Net Annual Income from Total Property \$ _____
 Less Return on and Recapture of Depreciated Value of Furnishings (\$ _____ @ _____ %) \$ (_____)
 Net Annual Income from Real Property \$ _____
 Detail clearly method and mathematics of capitalizing Net Annual Income from Real Property _____

INDICATED VALUE BY INCOME APPROACH \$ _____
 Rounded to \$ _____

PART O. RECONCILIATION AND VALUE CONCLUSION

Indicated Value by the Cost Approach \$

Indicated Value by the Market Approach \$

Indicated Value by the Income Approach \$

FINAL RECONCILIATION:

CONDITIONS AND REQUIREMENTS OF APPRAISAL (include required repairs, replacements, painting, termite inspection, etc.):

VALUATION: This Appraisal is based upon the definition of Market Value, the Certification, the Contingent and Limiting Conditions, and the requirements that are stated in this report.

As a result of my investigation and analysis, my estimate of Market Value of the subject property as of, 19... is

\$

Date Appraiser

If applicable, complete the following:

Date Appraiser

Date ☐ Supervising or ☐ Review Appraiser☐ Did ☐ Did not physically inspect property

CONTINGENT AND LIMITING CONDITIONS: The certification of the Appraiser appearing in this Appraisal Report is subject to the following condition and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is not required to give testimony or appear in court because of having made this Appraisal with reference to the property in question, unless arrangements have been previously made therefor.
4. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other Appraisal and are invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, and contained in this report, were obtained from sources considered reliable believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
7. Disclosure of the contents of this Appraisal Report is governed by the By-laws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.
8. Neither all nor any part of the contents of this report, or copy thereof (including conclusions as to property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations) shall be used for any purposes by anyone but the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department agency, or instrumentality of the United States or of any State or of the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.
9. On all Appraisals involving proposed construction, the Appraisal Report and value conclusion are contingent upon completion of the proposed improvements in accordance with the plans and specifications prepared by with a last revision date of which have been initialed and dated by the Appraiser.